

For the calendar year 1997, or fiscal year

beginning _____, 19____, and ending _____, 19____

Attach to your return

| | |
|---|----------------------------|
| Name as shown on Form 120, 120S or 120X | Federal employer ID number |
|---|----------------------------|

Part I Standard Credit Computation for Current Taxable Year Corporate Research and Development Expenses

| | | | | | |
|--|----|---|--|---|----|
| 1 Basic research payments paid or incurred to qualified organizations | 1 | | | | |
| 2 Base period amount | 2 | | | | |
| 3 Subtract line 2 from line 1. <i>If less than zero, enter zero (0)</i> | | | | 3 | |
| Qualified research expenses paid or incurred (lines 4 - 7) | | | | | |
| 4 Wages for qualified services (do not include wages used in figuring the federal work opportunity credit) | 4 | | | | |
| 5 Cost of supplies | 5 | | | | |
| 6 Rental or lease cost of computers | 6 | | | | |
| 7 Contract research expenses. <i>See instructions</i> | 7 | | | | |
| 8 Total qualified research expenses. <i>Add lines 4 through 7. Enter the total</i> | | | | 8 | |
| 9 Enter average annual gross receipts. <i>See instructions</i> | 9 | | | | |
| 10 Enter fixed-base percentage, but not more than 16% | 10 | . | | | |
| 11 Base amount. <i>Multiply line 9 by the percentage on line 10. Enter the result</i> | | | | | 11 |
| 12 Subtract line 11 from line 8. <i>If less than zero, enter zero (0)</i> | | | | | 12 |
| 13 Multiply line 8 by 50% (.50). <i>Enter the result</i> | | | | | 13 |
| 14 Enter the lesser of line 12 or line 13 | | | | | 14 |
| 15 Add lines 3 and 14. <i>Enter the total</i> | | | | | 15 |
| 16 Tentative credit for current taxable year research and development expenses. <i>Multiply line 15 by 20% (.20). Enter the result</i> | | | | | 16 |
| 17 Maximum credit allowed. <i>See instructions</i> | | | | | 17 |
| 18 Credit for current taxable year research and development expenses. <i>Enter the lesser of line 16 or line 17</i> | | | | | 18 |

Part II Alternative Credit Computation for Current Taxable Year Corporate Research and Development Expenses

| | | | | | |
|---|----|---|--|----|--|
| 19 Basic research payments paid or incurred to qualified organizations | 19 | | | | |
| 20 Base period amount | 20 | | | | |
| 21 Subtract line 20 from line 19. <i>If less than zero, enter zero (0)</i> | | | | 21 | |
| 22 Tentative credit for basic research payments. <i>Multiply line 21 by 20% (.20). Enter the result</i> | | | | 22 | |
| Qualified research expenses paid or incurred (lines 23 - 26) | | | | | |
| 23 Wages for qualified services (do not include wages used in figuring the federal work opportunity credit) | 23 | | | | |
| 24 Cost of supplies | 24 | | | | |
| 25 Rental or lease cost of computers | 25 | | | | |
| 26 Contract research expenses. <i>See instructions</i> | 26 | | | | |
| 27 Total qualified research expenses. <i>Add lines 23 through 26</i> | | | | 27 | |
| 28 Enter average annual gross receipts. <i>See instructions</i> | | | | 28 | |
| 29 Enter the applicable percentage. <i>See instructions</i> | 29 | . | | | |
| 30 Multiply line 28 by line 29. <i>Enter the result</i> | | | | 30 | |
| 31 Multiply line 28 by 1% (.01). <i>Enter the result</i> | | | | 31 | |
| 32 Subtract line 31 from line 30. <i>Enter the difference</i> | | | | 32 | |
| 33 Tier 1 credit. Multiply line 32 by 1.65% (.0165). <i>Enter the result</i> | | | | 33 | |
| 34 Enter the applicable percentage. <i>See instructions</i> | 34 | . | | | |
| 35 Multiply line 28 by line 34. <i>Enter the result</i> | | | | 35 | |
| 36 Multiply line 28 by 1.5% (.015). <i>Enter the result</i> | | | | 36 | |
| 37 Subtract line 36 from line 35. <i>Enter the difference</i> | | | | 37 | |
| 38 Tier 2 credit. Multiply line 37 by 2.2% (.022). <i>Enter the result</i> | | | | 38 | |
| 39 Multiply line 28 by 2% (.02). <i>Enter the result</i> | | | | 39 | |
| 40 Subtract line 39 from line 27. <i>Enter the difference</i> | | | | 40 | |
| 41 Tier 3 credit. Multiply line 40 by 2.75% (.0275). <i>Enter the result</i> | | | | 41 | |
| 42 Tentative credit for qualified research expenses. <i>Add lines 33, 38, and 41. Enter the total</i> | | | | 42 | |
| 43 Tentative credit for current taxable year research and development expenses. <i>Add lines 22 and 42. Enter the total</i> | | | | 43 | |
| 44 Maximum credit allowed. <i>See instructions</i> | | | | 44 | |
| 45 Credit for current taxable year research and development expenses. <i>Enter the lesser of line 43 or line 44</i> | | | | 45 | |

Part III Computation of Excess Qualified Research Expenses for Current Taxable Year for Standard Credit Computation

| | | | | |
|----|---|----|--|--|
| 46 | Qualified research expenses in excess of base amount. <i>See instructions</i> | 46 | | |
| 47 | Total qualified research expenses used to compute the maximum allowable credit. <i>See instructions</i> | 47 | | |
| 48 | Excess qualified research expenses available for carryforward. <i>See instructions</i> | 48 | | |

Part IV Computation of Excess Qualified Research Expenses for Current Taxable Year for Alternative Credit Computation

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|----|---|----|--|--|
| 49 | Qualified research expenses in excess of the base amount. <i>See instructions</i> | 49 | | |
| 50 | Total qualified research expenses used to compute the maximum allowable credit. <i>See instructions</i> | 50 | | |
| 51 | Excess qualified research expenses available for carryforward. <i>See instructions</i> | 51 | | |

Part V Available Carryover of Excess Qualified Research Expenses

| | (a) Carryover from taxable year ending | (b) Original amount of excess qualified research expenses | (c) Amount previously used | (d) Available carryover Subtract column (c) from column (b) |
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| 67 | Total | | | |

Part VI Total Available Credit

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|----|---|----|--|--|
| 68 | Credit for current taxable year research and development expenses. <i>Enter the amount from Part I, line 18, or from Part II, line 45</i> | 68 | | |
| 69 | Excess qualified research expenses carryover. <i>See instructions</i> | 69 | | |
| 70 | Credit for carryover of excess qualified research expenses. <i>See instructions</i> | 70 | | |
| 71 | Total available credit. <i>Add lines 68 and 70. Enter the result here and on Arizona Form 300, Part I, line 6.</i> | 71 | | |